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ACTION EAP-00

INFO	LOG-00	NP-00	ACQ-00	CIAE-00	COME-00	DODE-00	DOTE-00
	DS-00	EB-00	FAAE-00	FBIE-00	UTED-00	VC-00	TEDE-00
	INR-00	LAB-01	L-00	VCE-00	NSAE-00	CAEX-01	SCT-00
	IRM-00	TEST-00	TRSE-00	ASDS-01	EPAE-00	DSCC-00	DRL-02
	NFAT-00	SAS-00	/005W				

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FM AMCONSUL HO CHI MINH CITY  
TO AMEMBASSY HANOI  
SECSTATE WASHDC 5611

UNCLAS SECTION 01 OF 02 HO CHI MINH CITY 001181

SIPDIS

DEPARTMENT FOR EAP/BCLTV

E.O. 12958: N/A

TAGS: [BEXP](#) [BTIO](#) [ECON](#) [ECIN](#) [PREL](#) [PGOV](#) [PTER](#) [VM](#)

SUBJECT: CG'S INITIAL MEETING WITH CHAIRMAN OF HCMC PEOPLE'S COMMITTEE

1. SUMMARY. ON OCTOBER 15, CG EMI YAMAUCHI MET WITH LE THANH HAI, CHAIRMAN OF THE PEOPLE'S COMMITTEE (PC) OF HO CHI MINH CITY (HCMC), ACCOMPANIED BY POLOFF AND CONOFF. HAI EXTENDED A WARM WELCOME TO THE CG AND EXPRESSED HIS HOPE THAT SHE WOULD BE BOTH COMFORTABLE AND BUSY IN HCMC. HE SAID THE BTA WILL RESULT IN VIETNAMESE COMPANIES PREPARING THEIR GOODS FOR EXPORT, AND INTEGRATING WITH U.S. AND GLOBAL MARKETS. HE SAID  
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HE WOULD LIKE TO INCREASE FOREIGN DIRECT INVESTMENT (FDI) IN VIETNAM, AND HOPED THAT THE OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC) WILL HELP TO ATTRACT POTENTIAL INVESTORS TO HCMC. HE WAS HOPEFUL THAT THE USG AND OTHER COUNTRIES COULD ARRIVE AT A PEACEFUL SETTLEMENT IN AFGHANISTAN. END SUMMARY.

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"I HOPE YOU WILL BE EXTREMELY BUSY DURING YOUR TENURE, BECAUSE THAT WILL BE A GOOD SIGN."  
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2. HAI WELCOMED CG TO HCMC, AND STATED OVER THE NEXT THREE YEARS HE HOPED TO CONTINUE TO BROADEN THE GOOD WORKING RELATIONSHIP THAT WAS ESTABLISHED WITH CG'S PREDECESSOR. CG EXPRESSED HER DESIRE TO CONTINUE AND STRENGTHEN THEIR RELATIONSHIP ON ALL FRONTS, NOT ONLY THOSE RELATED TO TRADE. SHE OFFERED TO ASSIST HAI WITH EMERGING PROGRAMS OR INITIATIVES, ESPECIALLY THOSE IN THE AREAS OF CULTURE AND EDUCATION. HE AGREED THESE WERE IMPORTANT AREAS TO SEEK COOPERATION, AS WELL AS THE FIELD OF INFORMATION TECHNOLOGY.

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"WE WANT TO INTEGRATE INTO THE U.S. AND GLOBAL MARKETS AS SOON AS POSSIBLE."  
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3. LE STATED THE APPROVAL OF THE U.S.-VIETNAM  
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BILATERAL TRADE AGREEMENT BY THE U.S. SENATE DEMONSTRATES GREAT GROWTH AND POTENTIAL FOR THE U.S.-VIETNAM RELATIONSHIP. HE NOW SEES CHALLENGES FOR VIETNAMESE ENTREPRENEURS, WHO NEED TO PREPARE THEIR PRODUCTS FOR EXPORT, AND FOREIGN ENTREPRENEURS, WHO NEED TO TRUST IN INVESTMENT OPPORTUNITIES IN VIETNAM.

4. PRIOR TO RATIFICATION OF THE BTA, LOCAL GOVERNMENTS ORGANIZED A DIALOGUE AMONG VIETNAMESE COMPANIES TO EXCHANGE IDEAS ABOUT INTEGRATING INTO U.S. MARKETS. ACCORDING TO HAI, ONE ISSUE THAT SURFACED IS THAT MANY VIETNAMESE COMPANIES MUST IMPROVE THE QUALITY OF THEIR PRODUCTS IN ORDER TO COMPETE IN REGIONAL AND GLOBAL EXPORT MARKETS. HAI SAID THE HCMC TARGET FOR EXPORT GROWTH FOR 2001 WAS 20 PERCENT; ALTHOUGH IN THE FIRST SIX MONTHS IT REACHED 14 PERCENT, HAI SAID IT WILL BE DIFFICULT TO ATTAIN THE BALANCE OF 6 PERCENT IN THE

CURRENT GLOBAL ECONOMIC ENVIRONMENT.

15. HAI SAID THE PC INTENDS TO INCREASE ITS SUPPORT FOR AMERICAN CHAMBER OF COMMERCE IN VIETNAM EFFORTS TO EDUCATE U.S. COMPANIES ABOUT OPPORTUNITIES FOR TRADE WITH VIETNAM. HE SAID AMERICAN INVESTMENT WOULD SPUR GROWTH IN HCMC, AND HE SAID HE PLANNED TO MAKE HCMC A MORE ATTRACTIVE DESTINATION FOR FDI. HE WOULD LIKE OPIC TO PLAY A GREATER ROLE IN FACILITATING INVESTMENT IN VIETNAM. DURING THE FIRST 9 MONTHS OF 2001, HCMC ATTRACTED A TOTAL OF USD\$700 MILLION IN FDI. THIS WAS THREE TIMES HIGHER THAN INVESTMENT OVER THE SAME PERIOD LAST YEAR, BUT STILL FALLS SHORT OF TARGETS. HAI SAID HE PARTICULARLY WOULD LIKE TO DEVELOP FDI IN THE FIELD  
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OF HIGH-TECH INDUSTRIES IN HCMC, WHICH HAS THE LARGEST INFORMATION TECHNOLOGY MARKET IN VIETNAM.

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"HO CHI MINH CITY IS VIETNAM'S GATEWAY TO THE WORLD. EVERYTHING IN THE WORLD ECONOMY WILL AFFECT VIETNAM, BUT IT WILL AFFECT US FIRST."  
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16. CG TOLD HAI THAT WHILE THE PC HAS HIGH EXPECTATIONS FOR GROWTH IN HCMC FOLLOWING PASSAGE OF THE BTA, SHE WOULD ENCOURAGE THE COMMITTEE TO TEMPER ENTHUSIASM WITH REALISM. LE RESPONDED THAT THE NATIONAL GOVERNMENT ALSO ATTACHES GREAT IMPORTANCE TO HCMC'S GROWTH RATE, BECAUSE A ONE PERCENT INCREASE IN GDP IN HCMC TRANSLATES TO GROWTH OF 0.3 PERCENT IN GDP FOR THE ENTIRE COUNTRY. HCMC PROVIDES THE GREATEST SHARE OF THE GDP IN VIETNAM, AND WAS DISPROPORTIONATELY AFFECTED BY THE ASIAN FINANCIAL CRISIS FROM 1997-1999. ALTHOUGH THE CITY'S ECONOMY PICKED UP AGAIN IN 2000, HAI SAID HE ANTICIPATES A SLOWDOWN DURING THE THIRD QUARTER OF 2001 DUE TO THE GLOBAL ECONOMIC CLIMATE.

17. HAI SAID THAT HCMC'S SERVICES SECTOR OCCUPIES THE LARGEST PERCENTAGE OF THE TOTAL HCMC ECONOMY AND IS VULNERABLE. WHILE THE PC'S AGENDA FOR DEVELOPMENT INCLUDES IMPROVEMENTS IN TRANSPORTATION INFRASTRUCTURE, INCLUDING SEA AND AIRPORTS, TELECOMMUNICATIONS, BANKING, AND FINANCE, HAI SAID HE ALSO WILL PAY MORE ATTENTION TO THE SERVICES SECTOR AND PREPARE SERVICE-  
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ORIENTED COMPANIES FOR EXPORT.

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"I BELIEVE THESE PROBLEMS CAN BE SETTLED IN PEACE AND COOPERATION, IN LINE WITH THE UN CHARTER, AND THINGS WILL SOON BE BACK TO NORMAL."  
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18. CG ASKED HAI IF HE THOUGHT THE SEPTEMBER 11 ATTACKS ON THE U.S. HAD AFFECTED THE SERVICES SECTOR IN VIETNAM, AS IT HAD IN THE U.S. LE WOULD NOT ATTRIBUTE THE CURRENT SLOWDOWN TO EXTERNAL EVENTS OTHER THAN THE GENERAL GLOBAL ECONOMIC CLIMATE OF LATE.

19. HAI ALSO EXPRESSED HIS PERSONAL CONCERN OVER THE USG'S RESORTING TO MILITARY ACTION TO RESOLVE ITS CURRENT ISSUES WITH THE TALIBAN. HE HOPED THAT SOMEHOW A PEACEFUL RESOLUTION COULD BE FOUND, AND NOTED THAT THE VIETNAMESE PEOPLE "HAVE RECENTLY KNOWN THE MISERY OF WAR TOO WELL." CG REMINDED HIM OF THE USG POSITION TO COMBAT ALL TERRORISTS, AND THAT LARGE NATIONS GRIEVE FOR THEIR LOSSES AS WELL. AT THIS HAI EMPHATICALLY AGREED. CG INFORMED HIM OF A PRESS REPORT CONCERNING THE RECENT ARREST IN THE U.S. OF VO VAN DUC FOR HIS INVOLVEMENT IN THE BOMBING OF THE VIETNAMESE EMBASSY IN BANGKOK IN JUNE. HAI SAID THAT HE SHARES THE USG'S COMMITMENT TO STOP TERRORISM IN ANY FORM.

110. HAI CLOSED THE 45-MINUTE MEETING BY TELLING CG THAT THE CONSULATE STAFF WAS LIVING IN THE BEST CITY IN VIETNAM AND THAT THEIR SECURITY WAS ASSURED. HE NOTED  
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THAT WHATEVER VIETNAM MAY LACK IN GOOD GOVERNANCE AND SOPHISTICATION, IT MAKES UP IN SECURITY.

110. COMMENT. HAI ASSUMED THE POST OF PC CHAIRMAN ONLY THIS PAST MAY. ALTHOUGH THAT MAKES HIM "MAYOR" OF HCMC, HIS POSITION IS MORE AKIN TO THAT OF GOVERNOR OF AN IMPORTANT PROVINCE, BECAUSE THE HCMC PC REPORTS DIRECTLY TO THE CENTRAL GOVERNMENT. HIS POSITION WIELDS EVEN GREATER INFLUENCE NOW THAT THE HCMC PC HAS BEEN GIVEN MORE AUTONOMY TO GENERATE ITS OWN BUDGET. CG LOOKS FORWARD TO FUTURE MEETINGS WITH HAI AS HE PRESIDES OVER HCMC - VIETNAM'S ENGINE OF GROWTH. END

COMMENT.

YAMAUCHI

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